

## Nonprofit Board Member Codes of Conduct and Ethics

**Are nonprofit board members required to conduct themselves in any particular manner?**

**Yes!**

### Board Member Code of Ethics

There has been increasing concern about ethical behavior in nonprofit – particularly charitable – organizations in recent years. Public scandals in the nonprofit sector have drawn attention to the need for an increased level of board accountability. In response, many organizations have developed codes of ethics. These documents encompass the values of the organization and provide a code of conduct for employees and volunteers, including board members.

While a values statement guides the organization in a strategic, fundamental way, codes of ethics shape the actions, behaviors, and decision-making of an organization in a more explicit way. Although a code of ethics by itself cannot prevent wrongdoing, it conveys a strong message both internally and externally about the culture and work of the organization.

### Key Elements of a Code of Ethics

- Serves as an overarching statement for other policies that establish standards of integrity and accountability.
- Outlines the process and/or mechanism for implementing the defined culture and values within the organization from top to bottom. A values statement is sometimes incorporated into the code of ethics.
- Often general in nature. Some issues, such as confidentiality, conflict of interest, and nepotism, may be addressed in separate policies.

## Practical Tips

- Define what ethical behavior means for your organization, and clarify accepted professional standards.
- Separate staff and board issues. Board members and staff members often get confronted with different situations based on their role vis-à-vis the organization, its constituents, and the community at large.
- When discussing the code with staff and board members, it is often useful to provide examples of unacceptable behavior.
- As a way to stress the importance of the code, some organizations request a signature from board and staff members as a sign of understanding and acceptance of the standards.
- Once the code is established, it should be reviewed periodically by the staff and board for possible revision. In this way, the language of the code will continue to serve the expectations and needs of the organization.

## SAMPLE CODES OF ETHICS

The following samples range from very general to specific, with each reflecting the organization's values and culture.

### Example of Code of Ethics #1

**This policy establishes a formal statement about promoting ethical conduct.**

As a nonprofit organization at the forefront of [purpose of organization], XYZ's policy is to uphold the highest legal, ethical, and moral standards. Our donors and volunteers support XYZ because they trust us to be good stewards of their resources, and to uphold rigorous standards of conduct. Our reputation for integrity and excellence requires the careful observance of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

XYZ will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter and spirit of all relevant laws; to refrain from any illegal, dishonest, or unethical conduct; to act in a professional, businesslike manner; and to treat others with respect. Directors and officers should not use their positions to obtain unreasonable or excessive services or expertise from XYZ's staff.

In general, the use of good judgment based on high ethical principles will guide directors, officers, and employees with respect to lines of acceptable conduct. However, if a situation arises where it is difficult to determine the proper course of conduct, or where questions arise concerning the propriety of certain conduct by an individual or others, the matter should be brought to the attention of XYZ. Employees should contact their immediate supervisor and, if necessary, the director of human resources. Board members should raise any such concerns with the chair or the treasurer of XYZ's board. In all questions involving ethics and conduct, the board will make relevant determinations, except that any individual whose conduct is at issue will not participate in such decisions.

## Example of Code of Ethics #2

**This ethics policy sets an affirmative tone through the introductory phrase of "We will do the following."**

We, as XYZ professionals (staff and board members), dedicate ourselves to carrying out the mission of this organization. We will do the following:

1. Recognize that the chief function of XYZ at all times is to serve the best interests of our constituency.

2. Accept as a personal duty the responsibility to keep up-to-date on emerging issues and to conduct ourselves with professional competence, fairness, impartiality, efficiency, and effectiveness.
3. Respect the structure and responsibilities of the board, provide them with facts and advice as a basis for their making policy decisions, and uphold and implement policies adopted by the board.
4. Keep the community informed about issues affecting it.
5. Conduct our organizational and operational duties with positive leadership exemplified by open communication, creativity, dedication, and compassion.
6. Exercise whatever discretionary authority we have under the law to carry out the mission of the organization.
7. Serve with respect, concern, courtesy, and responsiveness in carrying out the organization's mission.
8. Demonstrate the highest standards of personal integrity, truthfulness, honesty, and fortitude in all our activities in order to inspire confidence and trust in our activities.
9. Avoid any interest or activity that is in conflict with the conduct of our official duties.
10. Respect and protect privileged information to which we have access in the course of our official duties.
11. Strive for personal and professional excellence and encourage the professional developments of others.

## Example of Code of Ethics #3

**This code of conduct sets its standard by stating what the board and key staff will not do.**

It is the intent of XYZ to strive for the highest ethical conduct from all board and staff. The leadership is particularly sensitive to individuals who hold management and governance positions of trust and confidence in fulfilling the mission and goals of the organization. These sensitive positions include officers, key senior staff members designated by the chief executive, and members of the board. In an effort to achieve the highest standards of conduct, each officer, key staff member, and board member is

requested to acknowledge (by signing) the following adopted Code of Ethics by [month/day] each year. This acknowledgment will be kept on file in the human resource department.

All officers, key staff" members, and members of the board of XYZ are required and expected to exercise the highest ethical standards of conduct and practice fundamental honesty at all times.

In support of XYZ's standards of high ethical conduct, each officer, key sta" member, and board member WILL NOT

- deceive, defraud, or mislead XYZ board members, officers, staff members, managers, supervisors, or other associates, or those with whom XYZ has business or other relationships
- misrepresent XYZ in any negotiations, dealings, contracts, or agreements
- divulge or release any information of a proprietary nature relating to XYZ's plans, mission, or operational databases without appropriate approval
- obtain a personal advantage or benefit due to relationships established by any officer, senior staff member, or board member by use of the organization's name
- accept individual gifts of any kind in excess of \$[xxx], in connection with the officer's, key staff member's, or board member's relationship with XYZ. All such gifts are to be reported to the chief financial officer who shall divulge gifts received during the calendar year to the audit committee
- withhold their best efforts to perform their duties to acceptable standards
- engage in unethical business practices of any type
- use XYZ property, financial resources, or services of XYZ personnel for personal benefit
- violate any applicable laws or ordinances

Infractions of this Statement of Personal and Professional Standards of Conduct are to be reported directly to any member of the audit committee who shall, in their determination, bring the infraction to the full executive committee.

Signature \_\_\_\_\_ Date

\_\_\_\_\_  
Name (please print)

## What are the Legal Duties of Nonprofit Board Members?

Nonprofit board members hold essential legal responsibilities that ensure ethical governance and mission-driven decision-making. These legal duties —known as the duties of **care, loyalty, and obedience**—form the foundation of effective nonprofit leadership. The **duty of care** requires board members to act with the same diligence and prudence that any reasonable person would under similar circumstances, ensuring that decisions are well-informed and in the best interest of the organization. The **duty of loyalty** demands unwavering allegiance to the nonprofit, meaning board members must avoid conflicts of interest and never use insider knowledge for personal gain. Finally, the **duty of obedience** holds board members accountable to the organization's mission, legal obligations, and internal policies, reinforcing the public's trust in the proper stewardship of donations and resources.

Understanding and upholding these legal duties is not just good practice—it's the cornerstone of nonprofit accountability and public trust. Want to dive deeper into what each duty means and how to apply them effectively in your role? [Read more about the legal responsibilities of nonprofit board members.](#)

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*More samples are available in [The Nonprofit Policy Sampler](#)*